

Pioneer Title Agency, Inc.

"Commitment to Service"

812 E Ash Street P.O. Box 1293, Globe, AZ 85502

Phone: (928) 425-7119 • Fax: (928) 425-5057

PRE-AUDIT/ ESTIMATED HUD SETTLEMENT STATEMENT AGREEMENT

TO: **Pioneer Title Agency, Inc.**

RE: Escrow No.: **00406451-PSV**

DATE: **May 3, 2011**

It is agreed by the undersigned that the attached Pre-Audit/ Estimated HUD Settlement Statement, is an approximation only. That there may be changes in the escrow closing that occur, or that there maybe other unforeseen contingencies that arise. In the event changes in the statement become necessary, you are nevertheless authorized to close this escrow. It is understood that we will receive a final statement of the account at the close of escrow.

Our signatures hereon designate our full approval thereof.

Each of the undersigned states that he has read the foregoing amended instructions and understands and agrees to them.

SELLERS:

BRUCE W. POOL

BRENDA S. POOL

BUYER:

GILA COUNTY, a BODY POLITIC

MICHAEL A. PASTOR, Chairman of the Board

ATTEST:

By: _____

Name: Marian Sheppard

Title: Chief Deputy Clerk, Gila County

APPROVED AS TO FORM:

By: _____

Name: Bryan B. Chambers

Title: Chief Deputy County Attorney for
Daisy Flores, Gila County Attorney

SETTLEMENT STATEMENT

Pioneer Title Agency, Inc.
812 E Ash Street
P.O. Box 1293
Globe, AZ 85502

B. TYPE OF LOAN

OMB No. 2502-0265

1. ☐ FHA2. ☐ FMHA3. ☐ CONV. UNINS.4. ☐ VA5. ☐ CONV. INS.

6. ESCROW FILE NUMBER:

7. LOAN NUMBER:

00406451-007 PSV

8. MORTGAGE INSURANCE CASE NUMBER:

PRE-AUDIT figures are subject to change

C. NOTE: This form is furnished to give you a statement of actual settlement costs. Amounts paid to and by the settlement agent are shown.
Items marked "(P.O.C.)" were paid outside the closing; they are shown here for informational purposes and are not included in the totals.

D. NAME OF BORROWER:

GILA COUNTY, a BODY POLITIC

ADDRESS OF BORROWER:

c/o KEVIN M. KENNEY, 5515 S APACHE AVE STE 400
GLOBE AZ 85501

E. NAME OF SELLER:

BRUCE W. POOL and BRENDA S. POOL

ADDRESS OF SELLER:

1101 E 8TH ST MESA, AZ 85203
MESA, AZ 85203

F. NAME OF LENDER:

ADDRESS OF LENDER:

G. PROPERTY LOCATION:

668 N SHADY LANE,
TONTON BASIN, AZ 85553
Gila 201-06-059U
Parcel B5 of ROS 1685

H. SETTLEMENT AGENT:

Pioneer Title Agency, Inc.

PLACE OF SETTLEMENT:

812 E Ash Street, P.O. Box 1293, Globe, AZ 85502

I. SETTLEMENT DATE:

05/25/2011

PRORATION DATE:

FUNDING DATE:

DISBURSE DATE

J. SUMMARY OF BORROWER'S TRANSACTION

100. Gross Amount Due From Borrower:

| | |
|---|-----------|
| 101. Contract Sales Price | 77,206.00 |
| 103. Settlement charges to Borrower (line 1400) | 1,110.00 |
| 120. Gross Amount Due from borrower: | 78,316.00 |

200. Amounts Paid by or in behalf of Borrower:

| | |
|--|------|
| 202. | |
| 203. Existing loan(s) taken subject to | |
| 204. | |
| 205. | |
| 220. Total Paid By/For Borrower | 0.00 |

300. Cash at Settlement from/to Borrower:

| | |
|--|-----------|
| 301. Gross amount due from Borrower (line 120) | 78,316.00 |
| 302. Less amount paid by/for Borrower (line 220) | 0.00 |
| 303. Cash FROM Borrower: | 78,316.00 |

K. SUMMARY OF SELLER'S TRANSACTION

400. Gross Amount Due To Seller:

| | |
|---------------------------------|-----------|
| 401. Contract Sales Price | 77,206.00 |
| 403. | |
| 420. Gross Amount Due to Seller | 77,206.00 |

500. Reductions In Amount Due To Seller:

| | |
|---|------------|
| 502. Settlement charges to Seller (line 1400) | 0.00 |
| 503. Existing loan(s) taken subject to | |
| 504. See Payoff Addendum | 80,640.24 |
| 505. See Payoff Addendum | 38,915.75 |
| 520. Total Reductions In Amount Due Seller | 119,555.99 |

600. Cash at Settlement to/from Seller:

| | |
|--|------------|
| 601. Gross amount due to Seller (line 420) | 77,206.00 |
| 602. Less reductions in amount due Seller (line 520) | 119,555.99 |
| 603. Cash FROM Seller: | 42,349.99 |

SELLERS HEREIN ACKNOWLEDGE: CLOSING DATE IS AN ESTIMATION ONLY

INITIALS: _____

L. SETTLEMENT CHARGES:

| | | |
|---|--|--|
| 700. Total Sales/Broker's Commission: | | |
| 700. Total Sales/Broker's Commission: | | |
| Based on Price \$77,206.00 @ % = | Paid from Borrower's Funds at Settlement | Paid from Seller's Funds at Settlement |
| Division of Commission (line 700) follows: | | |
| 701. \$ to | | |
| 702. \$ to | | |
| \$ to FSBO | | |
| 703. Commission paid at settlement | | |
| 704. | | |
| 705. | | |
| 706. | | |
| 707. | | |
| 708. | | |
| 800. Items Payable In Connection With Loan: | | |
| 900. Items Required By Lender To Be Paid In Advance: | | |
| 1000. Reserves Deposited With Lender: | | |
| 1002. Mortgage Insurance | | |
| 1100. Title Charges: | | |
| 1101. Settlement or closing fee to Pioneer Title Agency, Inc. | 435.00 | |
| 1109. Lender's Coverage | | |
| 1110. Owner's coverage \$ 77,206.00 to Pioneer Title Agency, Inc. | 600.00 | |
| 1114. Courier Fee to Pioneer Title Agency, Inc. | 50.00 | |
| 1200. Government Recording and Transfer Charges | | |
| 1201. Recording Fees: Deed\$ 25.00 Mortgage \$ Release \$ | 25.00 | |
| 1300. Additional Settlement Charges: | | |
| 1303. All 2010 taxes to GILA COUNTY TREASURER (Seller \$1,651.78 POC) | | |
| 1400. Total Settlement Charges (Enter on line 103, Section J -and- line 502, Section K) | 1,110.00 | 0.00 |

Payoff Addendum

BREAKDOWN OF PAYOFF ON HUD line 504

Payoff to: BAC HOME LOANS SERVICING, LP
 PAYOFF Mail Stop TX2-981-03-13
 7105 CORPORATE DRIVE
 PLANO, TX 75024

Loan #: 138492540

| Description | Amount |
|--|-----------|
| Principal Balance | 79,612.59 |
| Interest from 06/01/2011 to 06/06/2011 | 74.64 |
| Interest thru 06/01/01--- ESTIMATED | 895.64 |
| May Payment Late Charge, if applicable | 27.37 |
| Statement Fees, **estiamted | 30.00 |
| Total Payoff | 80,640.24 |

Total as shown on HUD line #504.

80,640.24

BREAKDOWN OF PAYOFF ON HUD line 505

Payoff to: CHASE
 MAIL CODE OH4-7166
 3415 VISION DRIVE
 COLUMBUS, OH 43219

Loan #: 416010850245

| Description | Amount |
|--|-----------|
| Principal Balance | 38,384.70 |
| Interest from 05/04/2011 to 06/06/2011 | 234.56 |
| Interest due | 264.49 |
| Lien Relase Filing Fee | 2.00 |
| fax fee **est | 30.00 |
| Total Payoff | 38,915.75 |

Total as shown on HUD line #505.

38,915.75

PAYOFFS WILL BE UPDATED PRIOR TO THE CLOSE OF ESCROW

HUD-1 Settlement Statement Certification

I have carefully reviewed the HUD-1 Settlement Statement and to the best of my knowledge and belief, it is a true and accurate statement of all receipts and disbursements made on my account or by me in this transaction. I further certify that I have received a copy of the HUD-1 Settlement Statement.

Buyers Signatures:

Sellers Signatures:

GILA COUNTY, a BODY POLITIC

MICHAEL A. PASTOR, Chairman of the Board

BRUCE W. POOL

Settlement Agent:

BRENDA S. POOL

Pioneer Title Agency, Inc.

Date:

WARNING: It is a crime to knowingly make false statements to the United States on this or any similar form. Penalties upon conviction can include a fine and imprisonment. For details see: Title 18 U.S. Code Section 1001 and Section 1010.

ATTEST:

By: _____
Name: Marion Sheppard
Title: Chief Deputy Clerk, Gila County

APPROVED AS TO FORM:

By: _____
Name: Bryan B. Chambers
Title: Chief Deputy County Attorney for
Daisy Flores, Gila County Attorney

ESCROW INSTRUCTIONS TO: **Pioneer Title Agency, Inc.**

812 E Ash Street
Globe, AZ 85502
(928) 425-7119

Escrow No: 00406451-PSV

Date: April 25, 2011

Escrow Officer: Peggy Valencia

BRUCE W. POOL and BRENDA S. POOL, Husband and Wife, as Community Property with Right of Survivorship

(herein called Seller) whose address is 1101 E 8TH ST MESA, AZ 85203, MESA, AZ 85203 Phone (480) 258-1864

GILA COUNTY, a BODY POLITIC

(herein called Buyer) whose address is 5515 S APACHE AVE STE 400, GLOBE AZ 85501 Phone (928) 402-8764
hereby employ Pioneer Title Agency, Inc. to act as Escrow Agent in connection with a sale of the following described property situated in Gila County, Arizona, by Seller to Buyer upon the following terms and conditions, which shall be complied with by said parties on or before May 25, 2011 ("Close of Escrow"), except as otherwise specified herein.

PARCEL NO. 1

Parcel B-5, as shown on Record of Survey recorded as Survey Map No. 1685, being a portion of the Northwest quarter of Section 36, Township 6 North, Range 10 East of the Gila and Salt River Base and Meridian, Gila County, Arizona.

PARCEL NO. 2

An easement for ingress, egress and utilities as created in instrument recorded at Fee No. 1998-14440, records of Gila County, Arizona, described as follows:

The East 30 feet of Parcel D, as shown on Record of Survey recorded as Survey Map No. 1542, being a portion of the Northwest quarter of Section 36, Township 6 North, Range 10 East of the Gila and Salt River Base and Meridian, Gila County, Arizona.

which Seller represents to be: **668 N SHADY LANE, TONTO BASIN, AZ 85553, Tax Parcel No. 201-06-059U**

| | | <i>Items Marked With "X" Are The Obligations Each Party Will Pay.</i> | SELLER | BUYER |
|---|---------------------|---|----------|----------|
| SALES PRICE to be paid by Buyer which is represented by: | \$ 77,206.00 | | | |
| EARNEST MONEY TO BE DEPOSITED IN ESCROW | \$ 0.00 | TAXES 2010 And Prior 2011 And Future | X | X |
| | | Prorate To * NO 2011 TAX PRORATIONS | | |
| CASH PAYMENT TO BE DEPOSITED IN ESCROW <i>** Does not include closing costs</i> | \$ 77,206.00 | RECORDING FEES: | | |
| | \$ | Deed | | X |
| | | Encumbrance | | |
| | | Agreement | | |
| IN THE FORM OF CERTIFIED FUNDS MADE PAYABLE TO PIONEER TITLE AGENCY | | Release of Encumbrance | | |
| | | Affidavit of Value | | |
| | | Other: | | |
| | | ESCROW FEES | | X |
| | | OWNER'S TITLE INSURANCE POLICY | | X |

SEE PAGE 2 FOR BUYER AND SELLER ADDITIONAL SALE TERMS AND CONDITIONS, IF ANY, FOLLOWED BY TERMS AND CONDITIONS OF ESCROW.

These Escrow Instructions contain Buyer and Seller Additional Sale Terms and Conditions, if applicable, along with 31 paragraphs of Terms and Conditions of Escrow, exclusive of any addenda, supplements or attachments. Please ensure that you have received and read all paragraphs of these Escrow Instructions, as well as any addenda, supplements or attachments.

Initials: _____ (Page 1 of 8)

Initials: _____

BUYER AND SELLER ADDITIONAL SALE TERMS AND CONDITIONS

Seller and Buyer agree as follows:

THIS IS A CASH TRANSACTION.

Seller and Buyer agree that these instructions are the only written agreement for the sale and purchase of the real property described herein, and shall constitute a binding and enforceable contract. Seller and Buyer shall each have the right of specific enforcement in the event of a default hereunder; however, nothing herein shall be construed to alter or adversely affect any of the rights of the Escrow Agent and/or Title Insurer hereunder.

Seller and Buyer acknowledge they are fully responsible for providing Escrow Agent with the terms and conditions of this transaction. Seller and Buyer are NOT relying on Pioneer Title Agency, Inc. in any way, and by signature of these Escrow Instructions, evidence that Escrow Agent has not advised them as to said terms and conditions. Should either Seller or Buyer require advice on the subject escrow, Pioneer Title Agency, Inc. recommends they contact their legal counsel and/or tax accountant.

All parties acknowledge that Escrow Agent makes no representations either orally or through these written Escrow Instructions as to the legal effect of the described transaction contained herein under all applicable laws, including, but not limited to, tax law, contract law or principals of law affecting the rights and responsibilities of the parties hereto. By execution of these instructions, all parties acknowledge they have been given sufficient opportunities to have these instructions reviewed by professional, legal and tax advisors of their choice and have satisfied themselves as to the legal and tax effects, consequences and risks that may be imposed by this transaction.

It is understood and agreed that the within described property is being sold and purchased in "AS IS" condition, no warranties expressed or implied, a matter for which the Escrow Agent need not be concerned.

ON-SITE WASTE WATER TREATMENT FACILITY

Buyer herein acknowledges and agrees in order to assist them in abandoning the septic system with the Arizona Department of Environmental Quality, that they will request a copy of authorized contractors from the Gila County Community Development Division, 608 EAST HIGHWAY 260, PAYSON, AZ 85541, (928) 474-7175. Said septic system shall be abandoned direct and outside this escrow after the close of escrow date.

Pursuant to A.A.C. R18-9-A316, whenever there is a transfer of ownership of a property that is served by an On-Site Wastewater Treatment Facility, the On-Site Wastewater Treatment Facility must be inspected by a qualified Inspector within six month prior to the transfer of ownership. **The requirement for the inspection cannot be waived, it is required by law.** The only exception to this requirement applies to a new on-site system which has never been used. A Notice of Transfer Form together with the transfer fee must be filed with the appropriate government authority for all transfers of ownership that include property being served by an On-site Wastewater Treatment Facility within fifteen (15) calendar days after the transfer (A.A.C. R18-9-A316E). **It is important to understand that whether or not the inspection and transfer are handled through escrow, it is still the responsibility of the Buyer and Seller to comply with this law.**

Escrow Agent has advised parties herein as to the importance of the provisions and requirements stated in the foregoing paragraph, however after reading and understanding the above stated paragraph the undersigned parties herein have elected NOT to inspect or transfer the On-Site Wastewater Treatment Facility. **Pioneer Title Agency, Inc.** is hereby relieved of any and all liability and/or responsibility in connection with same.

ADEQ RULES AND OTHER INFORMATION

The parties herein should contact the Arizona Department of Environmental Quality with any questions: The website for ADEQ is as follows: <http://www.azdeq.gov/environ/water/permits/wastewater.html>

The A316 form can be found at either the website noted above or:
<http://www.azdeq.gov/environ/water/permits/download/presale.doc>

WELL

Buyer herein acknowledges that they have the right to request and pay for a well inspection ***if so desired*** of the well located on the subject property. However, Buyer does not require a well inspection ***prior*** to the close of escrow. Buyer herein relieves Pioneer Title Agency and Escrow Agent of any liability in regard to same.

BUYER AND SELLER HEREIN ACKNOWLEDGE: Under Arizona law, whenever there is a change in ownership of property on which a domestic water well is located, the registered owner of the well must notify the Arizona Department of Water Resources ("ADWR") of the change in ownership of the well and the new owner must furnish ADWR any information required to keep its records current and accurate. See A.R.S. §45-593.C.

Escrow Agent has advised parties herein as to the importance of the provisions and requirements stated in the foregoing paragraph, however after reading and understanding the above stated paragraph the undersigned parties herein have elected NOT to inspect or transfer the Well. Therefore the aforementioned Transfer or Abandonment will be not be handled by Pioneer Title Agency prior to the close of escrow or ***after*** the close of escrow. Seller and Buyer herein relieves Pioneer Title Agency and Escrow Agent of any and all liability and/or responsibility in connection with same.

TERMS AND CONDITIONS OF ESCROW

Seller and Buyer further agree as follows:

DEPOSIT/DISBURSAL OF DOCUMENTS AND FUNDS:

1. Deposit of Documents and Funds.

(a) They will deposit with Escrow Agent the necessary documents and funds to complete this transaction. Except for the earnest money deposit, all funds required hereunder shall be deposited into escrow prior to closing in the form of a cashier's check or wired funds. All foreign funds must be wire transferred in the form of U.S. Dollars.

(b) Buyer has deposited in escrow the sum of \$ **0.00** as earnest money, which shall apply towards the purchase price at close of escrow.

(c) All monies deposited with Escrow Agent in connection with this escrow will be deposited into one or more non-interest bearing escrow trust accounts of Escrow Agent with a financial institution (the "Funds Depository") whose deposits are covered by FDIC or FSLIC insurance. The parties acknowledge that funds so deposited are insured only to the limit provided by the FDIC/FSLIC and therefore release Escrow Agent from any liability for loss which may result from a lack of insurance as guaranteed by the current coverage of FDIC or FSLIC. The parties may request that any funds they deposit be placed in an interest-bearing account in accordance with instructions and fees as set forth in their Escrow Deposit Receipt.

2. Disbursement of Funds. Escrow Agent is authorized to pay, from funds deposited and held for said purpose, all amounts necessary to procure the documents and pay the charges and obligations necessary to consummate this transaction. The balance of the proceeds, if any, is to be paid to Seller(s) as their interest(s) may appear. Escrow Agent has no obligation to disburse any funds deposited by check/draft until advised by the bank that the check/draft has been honored. In the event any check/draft given by, or on behalf of, a party is subsequently dishonored, the party receiving the funds agrees to refund any remittance made to that party by Escrow Agent.

3. Completion, Recording and Delivery of Documents.

(a) Escrow Agent is authorized to execute and record on the parties' behalf the Affidavit of Real Property Value using the total consideration for the established value.

(b) Escrow Agent may, in its sole discretion, delete or make unreadable personal identifying information (such as social security or driver's license numbers) contained on documents to be recorded, unless such information is necessary for a document's validity or in order for it to be recorded.

(c) When these instructions have been complied with, the necessary funds have been deposited and the underwriter is willing to issue its title insurance policy(ies), Escrow Agent shall deliver to the proper person/entity, or file/record in the appropriate public office, all documents required to be delivered, filed or recorded to consummate this transaction.

PRORATIONS AND CHARGES

4. Assessments. Improvement lien assessments, homeowner's association assessments and irrigation fees, if applicable, are to be prorated based on the latest tax/assessment bill(s) available to Escrow Agent at the close of escrow. All transfer fees will be split equally between Buyer and Seller.

The amount of any assessment or fee that is a lien at close of escrow shall be paid: In full by Seller.

Any assessment or fee that becomes a lien after close of escrow shall be Buyer's responsibility. Escrow Agent is not liable in the event a subsequent tax/assessment bill is different from that used as the basis for the proration. Any adjustment necessary because of a change reflected in a later assessment bill will be settled between the parties outside of escrow. Seller and Buyer agree that all prorations required in this escrow shall be calculated on the basis of a 30-day month unless otherwise instructed.

5. Rents. Any rents are to be prorated based on a rent statement to be provided to Escrow Agent by Seller and approved by Buyer prior to close of escrow. Any security deposits will be charged to Seller and credited to Buyer.

6. Escrow Charges. Except in the case of VA or FHA loans, or as otherwise agreed between the parties, escrow charges will be allocated between Seller and Buyer as follows:

a. To be charged to Buyer: Recording fees for deeds; Reconveyance fees for any Seller liens effecting the property, courier/express mail charges for documents sent to Seller.

b. To be charged to Seller: Courier/express mail charges or Wire fees for Seller's proceeds and any other funds as directed by Seller.

c. Other fees or charges: Allocated to Seller and/or Buyer according to which party incurred the particular fee or charge.

7. Unclaimed Funds Charges.

A. Stale Dated Checks: If for any reason a check from Escrow Agent is not cashed within six (6) months from the date of issuance, a \$25.00 charge will be assessed by Escrow Agent for re-issuance of the check.

B. Escheat: If for any reason a check from Escrow Agent is not cashed for one year or more, Escrow Agent will deduct a charge of \$25.00 per month from the funds as custodian for maintaining the funds in its account until the entire sum of said uncashed check has been exhausted or a claim has been made for the remainder. In the event five (5) years elapses, any unclaimed remainder will be sent to the State of Arizona escheat fund.

C. Funds Held Pending Dispute Resolution: If for any reason funds remain in an escrow after the closing date due to a dispute wherein Escrow Agent has given Seller and Buyer at least thirty (30) days notice that said charge will accrue, Escrow Agent will deduct a monthly charge of \$25.00 from those funds as custodian for maintaining the funds in its escrow account. The deductions will occur on a monthly basis until (i) the entire sum in the escrow has been exhausted or (ii) the dispute has been resolved by mutual, written agreement or a final, non-appealable court order, whereupon Escrow Agent will distribute the remainder as directed in the agreement or court order.

PAYOFF/LENDER/INSURANCE REQUIREMENTS

8. Payoff Statements. Escrow Agent is authorized to act upon any statement furnished by a lienholder, payee or collection agent for a lienholder or payee related to the payoff of any lien against, or charge or assessment related to, the property, without liability or responsibility for the accuracy thereof. Any adjustment necessary because of a discrepancy between the statement furnished to Escrow Agent and an amount later determined to be correct shall be settled between the parties outside of escrow.

9. Lender Requirements. If Buyer is obtaining a new loan, Escrow Agent is authorized to furnish a copy of the Settlement Statement and any other information which may be required to Buyer's proposed lender in order to induce said lender to furnish the loan required to complete this transaction.

10. Homeowner/Fire/Hazard ("Homeowner's") Insurance will be provided as follows:

☒ Cash transaction: Buyer will obtain insurance direct and outside of escrow. Seller and Buyer relieve Escrow Agent of any liability in the event Buyer chooses not to obtain insurance.

TITLE AND ESCROW

11. Escrow Instructions. Escrow Agent shall have no responsibility in connection with these Escrow Instructions until such time as they have been executed by Seller and Buyer and deposited with Escrow Agent. Escrow Agent shall not be bound by, nor be obligated to act upon, any instruction, demand or notice not in writing and signed by the party delivering such instruction, demand or notice.

12. Indemnification/Hold Harmless. Seller and Buyer relieve Escrow Agent of any liability for any errors or omissions by the Seller or Buyer as to statements furnished hereunder, representations made and/or the condition of the property. Seller and Buyer further agree to indemnify and hold harmless Escrow Agent against all costs, damages, attorneys fees, expenses and liabilities which it may incur or sustain in connection with this transaction, except as caused by the negligence or willful misconduct of Escrow Agent.

13. Title. Seller shall convey title by general warranty deed. Buyer will take title as determined before close of escrow. As the manner of taking title may have significant legal, estate planning and tax consequences, Buyer may wish to obtain legal and/or tax advice prior to making this determination.

14. Title Insurance. Unless otherwise specified in writing by the parties Buyer shall be provided, a Standard Coverage form of title insurance policy issued by Old Republic National Title Insurance Company. The title insurance provided for herein shall be subject to the conditions of, and evidenced by the commitment for, title insurance issued by said underwriter. Buyer should examine the commitment carefully for coverages provided and make its own investigation of matters related to the real property if not covered therein and considered material to Buyer.

CANCELLATION/RESIGNATION/DISPUTES

15. Resignation. At any time and in its sole discretion, Escrow Agent can resign as escrow agent by sending written notice to Seller and Buyer. Unless otherwise specified in writing by the parties, all money and documents held by Escrow Agent will be returned to the party who delivered them into escrow, less any applicable charges, without further liability.

16. Conflicting Demands. In the event conflicting demands are made upon Escrow Agent concerning these instructions or this escrow, Escrow Agent is authorized to hold any money and documents deposited hereunder until it receives mutual, written instructions or a final, non-appealable court order determining the rights of all parties. Alternatively, Escrow Agent may, at its discretion and at any time, commence a civil action to interplead any conflicting demands to a court of competent jurisdiction. In accordance with Paragraph 13; the parties will pay any expenses, costs and attorneys' fees incurred by Escrow Agent in connection with the interpleader action and any appeal. They therefore authorize and direct Escrow Agent to deduct all such expenses, costs and attorney's fees from any escrowed funds before depositing those funds into court.

17. Cancellation. Unless otherwise specified in writing by the parties, any party who wishes to cancel this escrow because of any material breach by the other party, and who is not in material breach except as occasioned by a material breach by the other party, may cancel this escrow by delivering written notice of cancellation to either the breaching party or the Escrow Agent stating the nature of the breach. Cancellation shall become effective immediately upon delivery of the written notice of cancellation to either the breaching party or Escrow Agent.

18. Release of Earnest Money. Escrow Agent is authorized, in the event of a dispute between Seller and Buyer regarding the earnest money deposited with Escrow Agent, to release the earnest money pursuant to the terms and conditions of these Escrow Instructions. Seller and Buyer specifically authorize Escrow Agent to act in its sole and absolute discretion in the release of the earnest money. Seller and Buyer agree to hold harmless and indemnify Escrow Agent against any claim, action or lawsuit of any kind, and from any loss, judgment or expense, including costs and attorney's fees, arising from or relating in any way to the release of the earnest money.

EXCLUDED MATTERS/PERSONAL PROPERTY

19. Personal Property. The following personal property is to be transferred as part of this transaction: NONE.

Escrow Agent assumes no liability for the transfer of personal property, its physical condition or legal status. Unless otherwise specified by the parties, any personal property is being transferred for no monetary value.

20. Excluded Matters. The following matters will be handled by the parties direct and outside escrow and Escrow Agent shall have no liability or responsibility therefore: possession of the real or personal property; transfer or payment of utilities (including but not limited to electric, gas, telephone, water, sewer or irrigation); collection of cancellation premiums from Seller's homeowners/fire/hazard insurance policy; renewal, procurement, assignability or effectiveness of flood insurance or any other policies of insurance (except as set forth in Paragraph 10); payment of personal property taxes (other than for unaffixed mobile homes); and treatment of wood infestation.

MISCELLANEOUS

21. Real Estate Commissions. The parties represent there are no Broker(s) entitled to commission for this transaction.

22. Binding Contract/Amendments. These Escrow Instructions and any addenda, supplements or amendments thereto form the only binding contract wherein Seller agrees to sell and Buyer agrees to purchase the subject property under the terms and conditions contained herein. No addenda, supplement or amendment to these Escrow Instructions shall be of any force or effect unless made in writing, signed by the parties and delivered to and accepted by Escrow Agent.

23. Counterpart and Facsimile Signatures. Any documents pertaining to this escrow that are signed in counterpart shall constitute one document, including but not limited to, escrow instructions, supplements, deeds, acceptances, Affidavits of Value and Affidavits of Affixture. Escrow Agent may accept these escrow instructions with facsimile signatures and such instructions shall be considered contractually binding between the parties whether or not the originals are received by Escrow Agent.

24. Settlement Statements. Seller and Buyer understand that a combined Settlement Statement and/or Closing Statement may be provided to each party to facilitate this transaction.

Initials: _____ (Page 5 of 7)

Initials: _____

25. Close of Escrow. The day established within which compliance with any requirements must be met shall end at the close of the regularly established public business hours of Escrow Agent for that day; provided, however, that should Escrow Agent or the applicable county recorder be closed on the Close of Escrow date, the requirements may be met on the next day that both are open for business.

STATUTORY DISCLOSURES

26. Purchaser Dwelling Actions. Pursuant to Arizona Revised Statutes ("A.R.S.") §12-1363.L, notice is hereby provided to the buyer of a dwelling of the provisions of A.R.S. §§12-1361, 1362 and 1363. These statutory sections set forth the requirements to be met by a buyer prior to bringing an action against the seller of a dwelling arising out of or related to the design, construction, condition or sale of the dwelling. "Dwelling" means a single or multifamily unit designed for residential use and common areas and improvements owned or maintained by an association or its members. "Seller" means any person, firm, partnership, corporation, association or other organization engaged in the business of designing, constructing, or selling dwellings. The complete statutory sections (located in Title 12, Article 14) can be viewed on the Arizona State Legislature's website: www.azleg.gov/ArizonaRevisedStatutes.asp.

27. Closing Protection Letters. Pursuant to A.R.S. §6-841.02.A, if you are a buyer or seller of a residential dwelling and a title insurance policy is to be issued by a title insurer through which Escrow Agent is underwritten, disclosure is hereby made that the title insurer may offer a closing protection letter that provides protection for the loss of escrow monies due to fraud or dishonesty of the escrow agent. A "residential dwelling" is defined as an owner occupied structure or an investment property that is designated for residential use by four or fewer families. (A.R.S. 6-841.02.C).

28. Uninsured Monies. Pursuant to A.R.S. §6-841.03, if you are a buyer or seller of a residential dwelling (as defined in Paragraph 31, Closing Protection Letters, above), disclosure is hereby made that monies deposited in an escrow account are not insured against loss from fraud or theft by the State of Arizona or the United States government.

29. Good Funds Law. All parties are aware and understand that Arizona Revised Statutes §6-843 requires that an escrow agent disburse money from an escrow account only if funds are deposited and available for withdrawal. Availability of funds is determined as follows:

- (i) ELECTRONIC TRANSFERS ("wired funds") are available for disbursement THE SAME DAY AS RECEIVED.
- (ii) CASHIER'S CHECKS, CERTIFIED CHECKS, OFFICIAL CHECKS AND TELLER'S CHECKS are available for disbursement THE SAME DAY AS DEPOSITED.

In order to avoid delays of two days or more, please use the above methods of payment whenever possible.

30. Arizona's Notary Laws. Under Arizona law, "satisfactory evidence of identity" for purposes of a notary's acknowledging signatures or performing jurats includes, but is not limited to: (i) a driver's license issued by a state or territory of the U.S.; (ii) a U.S. passport, (iii) an identification card issued by any branch of the U.S. armed forces; or (iv) an identification card issued by the U.S., or a state or tribal, government containing the individual's photograph, signature and physical description. For purposes of a real estate conveyance or financing, such evidence may also include (i) a passport issued by a foreign government if accompanied by a visa or other documentation issued by the U.S. government to establish the individual's legal presence in the U.S. or (ii) identification deemed acceptable by the U.S. Department of Homeland Security to establish the individual's legal presence in the U.S. and any supporting documents required by said Department. All forms of identification must be unexpired. To avoid any delays in closing your transaction, you should determine as soon as possible what form(s) of identification you have. If you do not have one of the forms specified herein, you should apply for and obtain an appropriate form of identification prior to closing.

31. PROFESSIONAL/LEGAL/TAX REVIEW. Seller and Buyer understand that Escrow Agent's employees are not licensed real estate agents or attorneys and are prohibited from giving legal, real estate or investment advice and will not negotiate the transaction. They further acknowledge that Escrow Agent has made no representations, either orally or through these Escrow Instructions, as to the legal effect of the transaction described herein under any applicable federal or state laws or regulations, including but not limited to tax or contract laws, or laws otherwise affecting the rights and responsibilities of the parties. By executing these instructions, Seller and Buyer acknowledge that they have been given sufficient opportunity to have these instructions reviewed by professional, legal and tax advisors of their choice and have satisfied themselves as to the legal and tax effects, consequences and risks that may be imposed by this transaction.

THE UNDERSIGNED HEREBY ACKNOWLEDGE THAT THEY HAVE READ AND UNDERSTAND THE MATTERS CONTAINED IN THESE ESCROW INSTRUCTIONS. THEY FURTHER UNDERSTAND THAT ESCROW AGENT IS RELYING UPON THIS ACKNOWLEDGMENT IN CLOSING THE SUBJECT ESCROW.

SELLERS:

BRUCE W. POOL

Date

BRENDA S. POOL

Date

BUYER:

GILA COUNTY, a BODY POLITIC

MICHAEL A. PASTOR, Chairman of the Board

Date

ATTEST

By: _____

Name: Marian Sheppard

Title: Chief Deputy Clerk, Gila County

APPROVED AS TO FORM

By: _____

Name: Bryan B. Chambers

Title: Chief Deputy County Attorney for
Daisy Flores, Gila County Attorney

Pioneer Title Agency, Inc.

"Commitment to Service"

812 E Ash Street P.O. Box 1293, Globe, AZ 85502

Phone: (928) 425-7119 • Fax: (928) 425-5057

ACKNOWLEDGEMENT OF CONTRACT CONTINGENCY REMOVAL

May 3, 2011

Escrow No.: **00406451 - PSV**

Seller/Buyer: **POOL/GILA COUNTY**

Property Address: **668 N SHADY LANE, TONTO BASIN, AZ 85553**

The Buyer and Seller acknowledge that the deposit of Buyer's final closing funds into escrow, and Seller's deposit of documents for closing, shall constitute approval that all conditions, contingencies or requirements contained in the Purchase Contract and/or Escrow Instructions have been met or are hereby waived.

Escrow Agent is instructed to proceed with the closing of the above referenced escrow.

GILA COUNTY, a BODY POLITIC

BRUCE W. POOL

MICHAEL A. PASTOR, Chairman of the Board

BRENDA S. POOL

ATTEST:

By: _____

Name: Marian Sheppard

Title: Chief Deputy Clerk, Gila County

APPROVED AS TO FORM:

By: _____

Name: Bryan B. Chambers

Title: Chief Deputy County Attorney for
Daisy Flores, Gila County Attorney

Pioneer Title Agency, Inc.
Commitment to service

May 2, 2011

Buyer Receipt for Commitment

Pioneer Title Agency, Inc.
812 E Ash Street
Globe, AZ 85502

RE: Escrow No.: 00406451 - PSV
Seller/Buyer: POOL/GILA COUNTY
Property Address: 668 N SHADY LANE, TONTO BASIN, AZ 85553

The undersigned Buyers in the above-referenced escrow do hereby acknowledge receipt and approval of the Commitment for Standard Owners Title Insurance Policy including but not limited to the covenants, conditions and restrictions listed in Section 2 of Schedule B. The exceptions in said commitment are hereby acknowledged to be in conjunction with the property being purchased in the above referenced escrow.

GILA COUNTY, a BODY POLITIC

MICHAEL A. PASTOR, Chairman of Date
the Board

ATTEST:

By: _____

Name: Marian Sheppard
Title: Chief Deputy Clerk, Gila County

APPROVED AS TO FORM:

By: _____
Name: Bryan B. Chambers
Title: Chief Deputy County Attorney for
Daisy Flores, Gila County Attorney

at the request of Pioneer Title Agency, Inc.

When recorded mail to
GILA COUNTY, a BODY POLITIC
c/o DIV OF EMERGENCY MANAGEMENT
5515 S APACHE AVE STE 400
GLOBE AZ 85501
00406451-PSV

Tax Code: 201-06-059U

SPACE ABOVE THIS LINE FOR RECORDER'S USE

WARRANTY DEED

NO TRANSFER FEE NECESSARY – EXEMPT PURSUANT TO ARS 11-1134 A3

For the consideration of Ten Dollars, and other valuable consideration, I or we,

**BRUCE W. POOL and BRENDA S. POOL, Husband and Wife, as Community Property
with Right of Survivorship**

do/does hereby convey to

GILA COUNTY, a BODY POLITIC

the following real property situated in Gila County, Arizona:

**LEGAL DESCRIPTION: SEE EXHIBIT 'B' ATTACHED HERETO AND BY THIS
REFERENCE MADE A PART HEREOF.**

**DEED RESTRICTIONS: SEE EXHIBIT 'A' ATTACHED HERETO AND BY THIS
REFERENCE MADE A PART HEREOF**

SUBJECT TO: Current taxes and other assessments, reservations in patents and all easements,
rights of way, encumbrances, liens, covenants, conditions, restrictions, obligations and
liabilities as may appear of record.

The Grantor warrants the title against all persons whomsoever.

DATED: May 3, 2011

BRUCE W. POOL

BRENDA S. POOL

State of Arizona }
 } ss.
County of }

The foregoing instrument was acknowledged before me this _____ day of _____, 2011, by BRUCE W. POOL and BRENDA S. POOL.

My commission expires:

NOTARY PUBLIC

Exhibit B

PARCEL NO. 1

Parcel B-5, as shown on Record of Survey recorded as Survey Map No. 1685, being a portion of the Northwest quarter of Section 36, Township 6 North, Range 10 East of the Gila and Salt River Base and Meridian, Gila County, Arizona.

PARCEL NO. 2

An easement for ingress, egress and utilities as created in instrument recorded at Fee No. 1998-14440, records of Gila County, Arizona, described as follows:

The East 30 feet of Parcel D, as shown on Record of Survey recorded as Survey Map No. 1542, being a portion of the Northwest quarter of Section 36, Township 6 North, Range 10 East of the Gila and Salt River Base and Meridian, Gila County, Arizona.

EXCEPT any portion lying within Parcel No. 1 above.

Deed Restriction
Hazard Mitigation Grant Program

Exhibit A

In reference to the property or properties ("Property") conveyed by the Deed between Mr. Bruce and Brenda Pool participating in the federally-assisted acquisition project ("the Grantor") and Gila County Arizona, ("the Grantee"), its successors and assigns:

WHEREAS, The Robert T. Stafford Disaster Relief and Emergency Assistance Act, ("The Stafford Act"), 42 U.S.C. § 5121 et seq., identifies the use of disaster relief funds under § 5170c, **Hazard Mitigation Grant Program ("HMGP")**, including the acquisition and relocation of structures in the floodplain;

WHEREAS, the mitigation grant program provides a process for a local government, through the State, to apply for federal funds for mitigation assistance to acquire interests in property, including the purchase of structures in the floodplain, to demolish and/or remove the structures, and to maintain the use of the Property as open space in perpetuity;

Whereas, The State of Arizona has applied for and been awarded such funding from the Department of Homeland Security, Federal Emergency Management Agency ("FEMA") and has entered into a mitigation grant program Grant Agreement dated March 11, 2011 with FEMA and herein incorporated by reference; making it a mitigation grant program grantee.

Whereas, the Property is located in **Gila County**, and **Gila County** participates in the National Flood Insurance Program ("NFIP") and is in good standing with NFIP as of the date of the Deed;

Whereas, **Gila County**, acting by and through the **Gila County Board of Supervisors**, has applied for and been awarded federal funds pursuant to an agreement with the **State of Arizona** dated March 11, 2011 (**EMF-2011-RC-0001 Amendment # 0**) and herein incorporated by reference, making it a mitigation grant program subgrantee;

WHEREAS, the terms of the mitigation grant program statutory authorities, Federal program requirements consistent with 44 C.F.R. Part 80, the Grant Agreement, and the State-local Agreement require that the Grantee agree to conditions that restrict the use of the land to open space in perpetuity in order to protect and preserve natural floodplain values;

Now, therefore, the grant is made subject to the following terms and conditions:

1. Terms. Pursuant to the terms of the [select mitigation grant program] program statutory authorities, Federal program requirements consistent with 44 C.F.R. Part 80, the Grant Agreement, and the State-local Agreement, the following conditions and restrictions shall apply in perpetuity to the Property described in the attached deed and acquired by the Grantee pursuant to FEMA program requirements concerning the acquisition of property for open space:
 - a. Compatible uses. The Property shall be dedicated and maintained in perpetuity as open space for the conservation of natural floodplain functions. Such uses may include: parks for outdoor

recreational activities; wetlands management; nature reserves; cultivation; grazing; camping (except where adequate warning time is not available to allow evacuation); unimproved, unpaved parking lots; buffer zones; and other uses consistent with FEMA guidance for open space acquisition, Hazard Mitigation Assistance, Requirements for Property Acquisition and Relocation for Open Space.

b. Structures. No new structures or improvements shall be erected on the Property other than:

i. A public facility that is open on all sides and functionally related to a designated open space or recreational use;

ii. A public rest room; or

iii. A structure that is compatible with open space and conserves the natural function of the floodplain, including the uses described in Paragraph 1.a., above, and approved by the FEMA Administrator in writing before construction of the structure begins.

Any improvements on the Property shall be in accordance with proper floodplain management policies and practices. Structures built on the Property according to paragraph b. of this section shall be flood proofed or elevated to at least the base flood level plus 1 foot of freeboard, or greater, if required by FEMA, or if required by any State, Tribal, or local ordinance, and in accordance with criteria established by the FEMA Administrator.

c. Disaster Assistance and Flood Insurance. No Federal entity or source may provide disaster assistance for any purpose with respect to the Property, nor may any application for such assistance be made to any Federal entity or source. The Property is not eligible for coverage under the NFIP for damage to structures on the property occurring after the date of the property settlement, except for pre-existing structures being relocated off the property as a result of the project.

d. Transfer. The Grantee, including successors in interest, shall convey any interest in the Property only if the FEMA Regional Administrator, through the State, gives prior written approval of the transferee in accordance with this paragraph.

i. The request by the Grantee, through the State, to the FEMA Regional Administrator must include a signed statement from the proposed transferee that it acknowledges and agrees to be bound by the terms of this section, and documentation of its status as a qualified conservation organization if applicable.

ii. The Grantee may convey a property interest only to a public entity or to a qualified conservation organization. However, the Grantee may convey an easement or lease to a private individual or entity for purposes compatible with the uses described in paragraph (a), of this section, with the prior approval of the FEMA Regional Administrator, and so long as the conveyance does not include authority to control and enforce the terms and conditions of this section.

iii. If title to the Property is transferred to a public entity other than one with a conservation mission, it must be conveyed subject to a conservation easement that shall be recorded with the deed and shall incorporate all terms and conditions set forth in this section, including the easement holder's responsibility to enforce the easement. This shall be accomplished by one of the following means:

a) The Grantee shall convey, in accordance with this paragraph, a conservation easement to an entity other than the title holder, which shall be recorded with the deed, or

b) At the time of title transfer, the Grantee shall retain such conservation easement, and record it with the deed.

iv. Conveyance of any property interest must reference and incorporate the original deed restrictions providing notice of the conditions in this section and must incorporate a provision for the property interest to revert to the State, Tribe, or local government in the event that the transferee ceases to exist or loses its eligible status under this section.

2. Inspection. FEMA, its representatives and assigns including the State or Tribe shall have the right to enter upon the Property, at reasonable times and with reasonable notice, for the purpose of inspecting the Property to ensure compliance with the terms of this part, the Property conveyance and of the grant award.

3. Monitoring and Reporting. Every three years on March 11, the Grantee (mitigation grant program subgrantee), in coordination with any current successor in interest, shall submit through the State to the FEMA Regional Administrator a report certifying that the Grantee has inspected the Property within the month preceding the report, and that the Property continues to be maintained consistent with the provisions of 44 C.F.R. Part 80, the property conveyance, and the grant award.

4. Enforcement. The Grantee (mitigation grant program subgrantee), the State, FEMA, and their respective representatives, successors and assigns, are responsible for taking measures to bring the Property back into compliance if the Property is not maintained according to the terms of 44 C.F.R. Part 80, the property conveyance, and the grant award. The relative rights and responsibilities of FEMA, the State, the Grantee, and subsequent holders of the property interest at the time of enforcement, shall include the following:

a. The State will notify the Grantee and any current holder of the property interest in writing and advise them that they have 60 days to correct the violation.

i. If the Grantee or any current holder of the property interest fails to demonstrate a good faith effort to come into compliance with the terms of the grant within the 60-day period, the State shall enforce the terms of the grant by taking any measures it deems appropriate, including but not limited to bringing an action at law or in equity in a court of competent jurisdiction.

ii. FEMA, its representatives, and assignees may enforce the terms of the grant by taking any measures it deems appropriate, including but not limited to 1 or more of the following:

a) Withholding FEMA mitigation awards or assistance from the State or Tribe, and Grantee; and current holder of the property interest.

b) Requiring transfer of title. The Grantee or the current holder of the property interest shall bear the costs of bringing the Property back into compliance with the terms of the grant; or

c) Bringing an action at law or in equity in a court of competent jurisdiction against any or all of the following parties: the State, the Tribe, the local community, and their respective successors.

5. Amendment. This agreement may be amended upon signatures of FEMA, the State, and the Grantee only to the extent that such amendment does not affect the fundamental and statutory purposes underlying the agreement.

6. Severability. Should any provision of this grant or the application thereof to any person or circumstance be found to be invalid or unenforceable, the rest and remainder of the provisions of this grant and their application shall not be affected and shall remain valid and enforceable.

Grantor:

Grantee:

GILA COUNTY, a Body Politic

BRUCE W. POOL

MICHAEL A. PASTOR, Chairman of the Board

Date: _____

Date: _____

BRENDA S. POOL

Date: _____

State of Arizona }
 } ss.
County of }

The foregoing instrument was acknowledged before me this _____ day of _____, 2011], by BRUCE W. POOL and BRENDA S. POOL.

My commission expires:

NOTARY PUBLIC

State of Arizona }
 }
County of Gila } ss.
 }

The foregoing instrument was acknowledged before me this _____ day of _____, 2011, by MICHAEL A. PASTOR, Chairman of the Board of Supervisors for GILA COUNTY, a Body Politic.

My commission expires:

NOTARY PUBLIC

ATTEST

By: _____
Name: Marian Sheppard
Title: Chief Deputy Clerk, Gila County

APPROVED AS TO FORM

By: _____
Name: Bryan B. Chambers
Title: Chief Deputy County Attorney for
Daisy Flores, Gila County Attorney